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S E C R E T SECTION 01 OF 03 MAPUTO 000968

SIPDIS

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [EMIN](#) [PREF](#) [PHUM](#) [SMIG](#) [MZ](#) [ZI](#)
SUBJECT: ILLICIT DIAMOND TRADE: FROM ZIMBABWE TO MOZAMBIQUE

REF: A. STATE 82807
[1](#)B. MAPUTO 806
[1](#)C. MAPUTO 321
[1](#)D. MAPUTO 91
[1](#)E. MAPUTO 79
[1](#)F. MAPUTO 10

Classified By: A/DCM MATTHEW ROTH FOR REASONS 1.5 (b and d)

[1](#)1. (C) SUMMARY: Poloffs traveled to Manica to investigate rumors of rampant diamond smuggling from Zimbabwe. Open borders and corrupt government officials make trafficking in goods and people easy, and poloffs found evidence of both. In response to Ref A, Charge met with Minister of Natural Resources Esperanca Bias on August 27, urging Mozambique to join the Kimberley Process Certification Scheme (KPCS), and to secure the Zimbabwean border and Beira Corridor against the ongoing illicit trade of Zimbabwean diamonds which is providing foreign exchange to Zimbabwean security forces and the ZANU-PF party. While Bias appeared unconvinced of the human rights aspects associated with the illicit trade of Marange diamonds, she stated that the GRM has already taken part in a KPCS conference, is looking into the implementation mechanisms for the KPCS, and would welcome technical assistance in this regard; however, Bias does not want to state publicly that Mozambique plans to join the KPCS until their internal preparatory work is completed. Bias also pointed out that eight companies recently won the rights to and have begun exploring for diamonds in Mozambique along the Zimbabwean border from Gaza to Manica Province, suggesting that a domestic diamond industry may be possible. Bias ended the meeting by requesting the details on any USG technical assistance available to assist with their joining the KPCS.
END SUMMARY.

POROUS BORDER, RIPE FOR SMUGGLING

[1](#)2. (C) During a July visit, Poloffs noted that smuggling is rampant in Manica province across from Zimbabwe's Manicaland province. In many places the border is completely open, with villagers crossing daily for fresh water, and employees of the USG-funded demining NGO Halo Trust regularly cross into the unmined Zimbabwe side--actually a Zimbabwe National Army banana plantation--for safety reasons as they undertake demining activities. Several hundred meters into the Zimbabwe side are sparsely staffed border checks, and Zimbabwean migrants claim illicit passage can be arranged for a bribe of less than one dollar. The Manica/Mutare border also has an official crossing point, and migrants say illegal entry into Mozambique can be arranged there for a bribe of about eight dollars. The passage is easy with even the most circuitous routes through the mountains only taking a couple of days. Migrants report difficulty returning to Zimbabwe legally because many of them exited without a passport.

ZIMBABWEAN MIGRANTS AT THE FRONTIER

¶3. (SBU) Zimbabwean migrants are largely in Mozambique for economic reasons. One NGO leader told poloffs that some migrants would be hesitant to speak because of widespread fears Zimbabwean Central Intelligence Organization (CIO) officers have infiltrated the border area. When pressed, she admitted the CIO do not pursue migrants, but rather are collecting information. Poloffs had no trouble finding migrants who wanted to talk, and of the approximately 100 migrants interviewed by Post, not a single person claimed to have left Zimbabwe for political reasons. All cited motivations such as wanting the right to a job, a home, and to bear children with a stable educational future as primary reasons for living abroad. Several also said they want to return home once the economic situation improves. Many migrants are involved with occasional labor or selling goods at the large Zimbabwean-run market in Manica town; others told of working as domestic help. A frequent story was that employers refuse to pay for work, knowing that the illegal migrants have no formal recourse. An attempt to interview local prostitutes in nearby Chimoio town was canceled after Poloffs learned the Zimbabwean prostitutes had been arrested, leaving local Mozambican commercial sex workers to operate without competition.

DIAMOND TRADERS FROM ABROAD

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¶4. (S) The Manica border town is host to many large homes and wealthy expatriates. The region's best restaurant, locally known as the Piscina, sells Mediterranean and Middle-Eastern style food, and is a popular hangout for foreigners. One regular is a Lebanese man who is a self-proclaimed diamond dealer. He initially introduced himself to poloffs as Belgian, and made no secret of his dealings in lumber, charcoal, and stones. He claimed to have had over 30 years experience in the diamond business, and said the Zimbabwean stones were special and provenance was easy to determine when examining rough stones. When asked if there were any shops that sold diamonds, he gestured up the hill to his home and said it was a shop (Note: Geo-coordinates of the house are -18.940412, 32.869570), and then gestured to other large private homes in the neighborhood saying they also were diamond shops. When asked if there were polishing facilities in the region, he said there were none, but that he owned a firm in Belgium that cut high quality stones, and that he contracted to firms in India for lesser quality specimens. This same man is interviewed in a post-Kimberly inspection report by Mutare-based firm Center for Research and Development (CRD), and the report includes an obscured photo of him examining stones.

ZIMBABWEANS CONFIRM DIAMOND STORIES

¶5. (C) A few of the Zimbabwean migrants at the market in Manica had once worked in the Chiadzwa diamond fields before those became economically untenable and dangerous. One former worker, a self-proclaimed artist, said that miners would sell stones to middlemen, including a "Lebanese guy with a big house by the Piscina." A large stone would fetch about ten dollars, and the middlemen would in turn considerably mark up the prices. This artist did not know the final destination of the stones, but speculated they left the country because Mozambique lacks polishing and cutting facilities and has little domestic market for the stones.

¶6. (SBU) A series of reports published by the KPCS following a mission to the Chiadzwa mines near the border and a recent Human Rights Watch (HRW) report identify significant and widespread irregularities at the mine. Both groups reveal Mozambique -- itself not a member of the KPCS -- is a key transit point for the stones, and HRW explains in detail the middleman organizational system poloffs witnessed in Manica. A report from July 24 by the CRD says panning and smuggling have escalated following the KPCS visit, and related trade between Zimbabwe and Mozambique also has increased. CRD suggests ZNA members constitute the majority of Zimbabweans tracking into Mozambique, but civilians also will import stones, presumably working in syndication with the ZNA. Local Mozambican press has not reported on diamond smuggling, although various international English-language reporters have, with a New York Times series being the most notable.

CHARGE URGES BIAS TO JOIN KPCS, CRACK DOWN ON SMUGGLING

¶7. (C) On August 27, Charge met with Minister of Natural Resources Esperanca Bias to discuss the problem of Marange diamonds and their illicit trade down the Beira Corridor. Bias appeared unconvinced of the human rights aspects associated with the illicit trade of Marange diamonds, likely because her ruling FRELIMO party has long-standing historical friendships with ZANU-PF (reftels). Bias stated that the GRM has already taken part in a KPCS conference, is looking into the mechanisms for joining the KPCS process, and would welcome technical assistance in this regard; however, Bias does not want to state publicly that Mozambique plans to join the KPCS, nor does she want extra conditionalities placed on the technical assistance. Bias explained that joining KP would be in Mozambique's domestic interests as well, because eight companies recently won the rights to and have begun exploring for diamonds in Mozambique along the Zimbabwean border from Gaza to Manica Province, suggesting that a domestic diamond industry may be possible. Bias ended the meeting by requesting information on the "next steps"

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required to join the KPCS, and details on any USG technical assistance in this area.

COMMENT: MOZAMBIQUE OPEN TO KPCS TECHNICAL ASSISTANCE

¶8. (C) Mozambique is not a member of the KPCS. Joining could reduce overt smuggling, and increase tax revenues significantly, though it would probably not preclude corrupt officials from facilitating smuggling operations. Becoming part of KPCS could help introduce a framework for prosecutions and provide much-needed training to GRM officials, including to border security officers who need help identifying illicit diamonds. While the Minister provided a somewhat tepid response to joining the KP, her assistants present in the meeting were able to provide specifics about the actions already taken by the GRM to do so. Post requests Washington assistance in identifying the specific technical assistance which can be offered to the GRM at this time.

CHAPMAN